



March 10, 2014

Production Alert

California Film & Television Tax Credit Program

- **Updated Application Procedures for Next Round of Available Funds**
- **Revised Documents Posted**

APPLICATION PROCEDURES

The California Film Commission (CFC) is no longer accepting tax credit program applications for the current fiscal year. The CFC will begin accepting applications for the new fiscal year* on **Monday, June 2, 2014**. In order to be considered for the first day's allocation, applications must be received at the CFC offices **no earlier than 9:00 a.m. and no later than 3:00 p.m.** (Any application received prior to 9:00 a.m. on June 2nd will be returned to sender unprocessed; any application received later than 3:00 p.m. on June 2nd will be processed the following day).

This fiscal year, only the Application form itself may be submitted in hard copy. All other required documentation must be submitted electronically via a USB or CD, which must be labeled and enclosed in a 9 x 12 envelope containing the Application. A revised check list has been posted – please refer to this check list and NOT the checklist on page 5 of the Application form.

Applications will be accepted on a first-come, first-served basis. However, if more than one application is received on the same date, [a random selection process \(lottery\)](#) will determine the queue order for processing those applications for that day. Therefore, there is no need to arrive at the CFC offices earlier than 9:00 a.m. on June 2nd. Applications may be sent to the CFC offices via hand delivery, FedEx, UPS, other private mail service, U.S. Postal Service or via messenger. (See mailing address below.)

If an applicant plans to submit applications for multiple projects, each application must be submitted separately in an individual envelope. Any envelope containing more than one application will be returned to sender unprocessed. Applications must be complete including all

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required documentation in order to be processed. Applicants will be notified by June 4th as to whether or not credits are available for their project.

Applications must be received 30 days prior to first day of principal photography. In other words, to be eligible for credits, principal photography may not begin before July 2, 2014. Approved applicants will receive their Credit Allocation Letters no earlier than July 1, 2014. Any waitlisted projects that begin principal photography prior to getting off the waitlist and receiving a Credit Allocation Letter are not eligible.

All applicants should consult with their legal and financial advisors regarding utilization of the tax credits.

*The California fiscal year is from July 1st through June 30th of the following year.

REVISED DOCUMENTS

The [Qualified Expenditure Charts](#) (QEC) have been revised and are posted on the CFC website. In addition to clarifications of expenditures, there are two significant changes: For productions with a completion bond, the bond fee percentage is applicable only on the qualified spend budget amount (not the total production budget). The completion bond change is effective for all projects applying for the upcoming fiscal year - it is not retroactive.

The second significant change involves digital assets. Previously, all digital assets, regardless of cost, were subject to a value equal to 20% of the purchase price with respect to tax credits. The CFC will now allow assets valued at \$250 or less the full purchase price against tax credits.

For your convenience, we have highlighted in yellow the line items that have been added, revised, or updated. In an effort to be as transparent and comprehensive as possible, the CFC encourages approved applicants to contact us with questions or additions with respect to the QEC.

The tax credit program [Guidelines](#) have been updated and will provide both new and returning applicants with information regarding the program and updated application procedures.

The [Expenditure Tracking Tips](#) document has been updated; please review so as to familiarize yourself with the information provided.

The [Application Instructions](#) and [Checklist](#) have been updated. Please be sure to refer to these documents when submitting your application to the CFC.

Please do not hesitate to contact the CFC at 323-860-2960 x110 if you have any questions regarding the tax credit program.